MULTIMEDIA UNIVERSITY

STUDENT ID NO

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FINAL EXAMINATION

TRIMESTER 2, 2016/2017

BSM3114– MANAGEMENT OF STRATEGY

(ALL SECTIONS)

6 MARCH 2017
9:00 A.M- 11:00 A.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages with 1 Section only.
2. **Section A : TWO (2) Cases Study.** Attempt **ALL** questions.
3. Please write all your answers in **Answer Booklet** provided.

Case Study 1: (50 Marks)

Coca-Cola and Pepsi's losing battle with the Millennials

Coca-Cola and Pepsi might be arch rivals in all things marketing but they might have found a common struggle – gaining the love of Millennials. This is according to new data from e-commerce and consumer analytics provider Connexity.

According to an infographic shared with *Adweek*, the company said Coke's largest audience is 35 to 44. Meanwhile Pepsi's is 65 and over. However, both underindexed in the age groups of 18 to 24.

We know the youths of the world are a bunch highly skeptical of marketing and all things harmful to the body and environment, as such the report doesn't come as a surprise. But it is safe to say both brands have over the years upped their game in trying to diversify their product portfolios to encourage more "healthy living".

With this new statistic in hand, we ask several players in the branding and marketing space if this will impact the brands' ability to safe guard their futures.

He added that the struggle has probably risen because Millennials are "the children of a (probably the first) generation of more obesity aware and responsible parents", who instead of passing on the tradition of introducing them to their first "coke moment", consciously discouraged them from drinking all carbonated drinks in favor of water.

"So many, possibly most Millennials, have grown up in the absence of the habit. To compound Coca Cola and Pepsi's problems, instead of rebelling as adolescents, they simply opted for less sugary, less carbonated and more caffeinated beverages, most notably energy drinks that additionally offer a hipper cache," he said.

He added that the perception to Millennials is probably that, Coke and Pepsi are not only less than healthy drinks but they also fail to deliver on taste and lifestyle relevance. The second problem, he added, is that:

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Baladi said going forward there needs to be a separation between the parent companies and brands under them. For both parent companies to do better with these consumers, they will need to continue their efforts to increase "share of throat" and the key way to do this will be to continue to introduce more non-cola and non-carbonated beverages to their portfolios.

"Millennials will, after all, continue to drink something. To increase the shares of brands consumed, the companies will need to combine new product development to new positioning," he said. Baladi added that in terms of new product development, the parent companies need to walk a fine line that straddles the introduction of innovative new variants, while not compromising the core image of their core cola products.

As for the latter, all variants (existing and new) will likely benefit from storytelling approaches that reflect a purpose that is "more aligned with the more socially aware and health-conscious mindset" of these younger consumers, he explained.

Foley added that the brands that are gaining the trust and loyalty of younger consumers are doing so by putting their efforts into three key behaviours: adaptive, multi-channel and open.

Foley added that Coke was "on to something" with its personalised cans and drinks and if both of the brands can adapt their respective cola ranges to make their products feel personalised, their chances of snaring a younger consumer will increase exponentially.

"Successful brands delivering growth in the 21st century are adaptive – Think Netflix. They're also multichannel – look no further than Uniqlo. And they're open – very open – to feedback from a generation that are used to manipulating social media platforms to amplify their point of view," he added.

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QUESTION 1

Analyse **FOUR (4)** segments of external environment of this industry and link it with the possible opportunities and threats.

(25 Marks)

QUESTION 2

Coca Cola and Pepsi had hold onto their Competitive Advantages for too long and realized they are in need to fulfil the need of customers.

Explain the importance of Sustainable Competitive Advantage and recommend any **TWO (2)** strategies to counter the existing and potential competitors.

(25 Marks)

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Case Study 2 : Answer ALL (50 Marks)

Looking at a long term relationship with Snapchat's spectacled eyes.

With the release of Snap Inc's Spectacles, allowing users to take ten second videos through their eyes and integrate with the Snapchat platform, a lot of questions remain for marketers around social content creation. CEO of renamed Snap Inc, Evan Spiegel has labeled Spectacles "a toy," yet this introduction of hardware to the once purely social platform caused the company to rename itself as Snap Inc. (a camera company). While a lot of brands have already tried them out, will the device make it past the gimmick phase and disrupt the social space?

We spoke with Freda Kwok, principal consultant at QED Consulting and social media expert for further insight. "Frankly, Spectacles is just a tool. Whether brands embrace storytelling from a first-person narrative or not is more of a creative and strategic direction that should be considered regardless," Kwok said.

"New innovations are exciting and novel, but the key to good content is sustainability. We liken good social media content strategy to a romantic relationship. We aim for a marriage; where conversations are deeper, have more meaning, and a lot more emotional attachment as well," she said. Kwok argued that while Spectacles will help set the platform apart from other social players it hasn't necessarily offered a significant change to storytelling and the way consumers create content.

"Snap Inc. now calls itself a camera company, instead of a social media network. This distinction can work in its favour, especially with many of Instagram's features cannibalising on the appeal of Snapchat." She added the functions on Spectacles do not differ extensively from what someone can do with a phone. If anything, it just eases the convenience factor and enhances the 'DIY-ness' of Snapchatting. "A surgeon for instance, can snap himself performing a surgery from his point of view, rather than having someone stand beside him to do so on his behalf," she added.

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So what are the downsides? We ask Kwok. Kwok said although Snap would want to differentiate itself as much as possible using Spectacles it must open up and integrate with other social platforms and content styles to survive. "Spectacles only work through Snapchat at the moment. If it truly wants to evolve into a camera company, they will have to collaborate with other platforms to support overall content creation and enable content to be created that's suitable for different social media channels, such as allowing for recording of different content lengths beyond just the ten seconds," she emphasised.

"Never chase technology for technology's sake. Tools and technology helps us to do it faster, get better insights, and with higher accuracy of feedback. However, a lot of the core fundamentals and strategic considerations do not change such as the importance of listening and analysing what appeals to your audience, and creating content that has value to them."

QUESTION 3

Discuss how does Snapchat differentiate itself to outperform the rivals and justify **SEVEN (7)** possible threats that they may face in the future.

(25 Marks)

QUESTION 4

Spectacles only work through Snapchat at the moment. If it truly wants to evolve into a camera company, they will have to collaborate with other platforms to support overall content creation and enable content to be created that's suitable for different social media channels, such as allowing for recording of different content lengths beyond just the ten seconds," Kwok emphasised.

Based on the statement above, identify any **TWO (2)** possible strategies that are best suited for Snapchat and justify any **THREE (3)** the advantages they will gain from each of the proposed strategy.

(25 Marks)

End of paper